



17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

MORGAN HILL
FINANCE AND AUDIT COMMITTEE

Morgan Hill Civic Center
West Conference Room
17555 Peak Avenue
Morgan Hill, California

Chair
Committee Member
Committee Member
Staff: City Manager
Finance Director

Mike Roorda
Hedy Chang
Larry Carr
Ed Tewes
Jack Dilles

SPECIAL MEETING

Wednesday, April 28, 2004

MINUTES

5:13 P.M.

CALL TO ORDER by Acting Chair Chang

Committee Member Chang and Committee Member Carr; (Chair Roorda arrived at 5:25 PM)
Staff: Tewes and Dilles

DECLARATION OF POSTING OF AGENDA

In compliance with Government Code 54954.2

PUBLIC COMMENTS

The Morgan Hill Finance and Audit Committee welcomes comments from all individuals on any agenda item being considered by the Committee. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the Committee are limited to Three Minutes.

BUSINESS:

1. Approval of minutes for March 24, 2004

The minutes for March 24, 2004, were approved, with one correction. The words “push for” were replaced with the word “consider” in the fourth paragraph of item 3 in the March 24, 2004 preliminary minutes at the request of Committee Member Carr.

2. Review Revenue Enhancement Options and Recommend Plan for City Council Consideration

Staff presented a report and described the matrix of criteria, concerning various potential revenue sources, to be considered by the Committee, so that the Committee would be in a position to meet the goal, adopted by the City Council, reading “Prior to Council consideration of the City Manager’s Recommended Budget in May 2004, the Finance and Audit Committee shall prepare and recommend a plan for Council to consider new revenue options, including a plan on how to obtain community input.” Committee Member Carr indicated he is not sure the Committee needs to weight any of the criteria discussed. Chair Roorda arrived at this point (5:25 PM). There was a discussion concerning the extent to which economic development should provide increases in revenue and to what extent economic development should fill this need. In summary, City Manager Tewes indicated that the Committee, in his view, needs to 1) establish criteria for evaluating revenue sources, and 2) state that revenue sources should increase the revenue base by a specific dollar amount, including planned economic development. Further, City Manager Tewes indicated that the Committee needs to answer the policy question “Should there be a number of tax measures or just one?” Committee member Chang responded “Why not both?” Chair Roorda added that there is uncertainty now about the amount of the funding gap to be addressed by new revenue. Staff pointed out that the Committee had previously determined that it would be appropriate to consider the annual estimated \$225,000 to \$275,000 to be received from Ford to be part of the revenue solution.

City Manager Tewes asked another policy question: “Should user fees be implemented prior to raising taxes? Committee member Chang indicated that she would like fees to be implemented before taking any tax measure to the voters. Committee Member Chang left the meeting at this point (6:00 PM) in order to attend the grand opening of the new Home Depot on behalf of the City. Chair Roorda indicated that he does not want to foreclose the City Council from considering their full revenue options.

City Manager Tewes asked two more policy questions: 1) Should the City raise fees or ask voters what they would support? 2) Does the City need to demonstrate expenditure cuts before proposing new taxes? Committee Member Carr indicated that the City should not implement new fees or taxes without asking the voters first. We should get input from the electorate before making any decisions. Committee Member Chang returned at this time (6:20 PM). There was a discussion as to the ways that community input could be obtained; and advisory measures, community polling, community workshops, and a blue ribbon task force were listed.

Committee Member Chang indicated that she believed the park field rental fees were too small to include in options. She also indicated that the City should consider the easiest to implement first, so that fees, requiring a majority vote of the City Council should be considered first, followed by revenue measures requiring a majority approval of the electorate, and then by measures requiring a 2/3 voter approval.

The Committee believed it is important to avoid divisiveness and to recommend expenditure cuts before implementing new revenue increases. Committee Member indicated she preferred a survey prior to doing any advisory vote, and Chair Roorda voiced his agreement with this idea.

The Committee asked that staff try to schedule a special Committee meeting in the next couple of weeks to discuss this topic more.

3. March 2004 Finance & Investment Report

This item was not discussed due to time constraints.

4. Investment Policy Review

This item was not discussed due to time constraints.

6. Future Agenda Items (Discussion)

None.

ADJOURNMENT: 7:00 P.M.

NOTICE
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